

12. NATIONAL DEFENSE

Table 12-1. FEDERAL RESOURCES IN SUPPORT OF NATIONAL DEFENSE

(In millions of dollars)

| Function 050 | 1997 Actual | Estimate | | | | | |
|-------------------------------------|----------------|----------|---------|---------|---------|---------|---------|
| | | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Spending: | | | | | | | |
| Discretionary Budget Authority | 266,180 | 268,598 | 271,616 | 276,957 | 284,786 | 288,090 | 298,048 |
| Mandatory Outlays: | | | | | | | |
| Existing law | -1,169 | -997 | -1,035 | -1,033 | -1,020 | -1,009 | -978 |
| Credit Activity: | | | | | | | |
| Direct loan disbursements | | 7 | | 175 | 345 | 319 | 334 |
| Guaranteed loans | | 20 | 176 | 216 | 1,236 | 1,164 | 1,205 |
| Tax Expenditures: | | | | | | | |
| Existing law | 2,080 | 2,095 | 2,120 | 2,140 | 2,160 | 2,180 | 2,200 |

The Federal Government will allocate over \$271 billion in 1999 to defend the United States, its citizens, its allies, and to protect and advance American interests around the world. National defense programs and activities ensure that the United States maintains strong, ready, and modern military forces to promote U.S. objectives in peacetime, deter conflict, and if necessary, successfully defend our Nation and its interests in wartime.

Over the past half-century, our defense program has deterred both conventional and nuclear attack on U.S. soil, and brought a successful end to the Cold War. Today, the United States is the sole remaining superpower in the world, with military capabilities unsurpassed by any nation. As the world's best trained and best equipped fighting force, the U.S. military continues to provide the strength and leadership that serve as the foundation upon which to promote peace, freedom, and prosperity around the globe.

Department of Defense (DOD)

The DOD budget provides for the pay, training, operation, basing, and support of U.S. military forces, and for the development and acquisition of modern equipment to:

- Shape the international environment by sustaining U.S. defense forces at levels sufficient to undertake our strategy of engagement, and conducting programs to reduce weapons of mass destruction, prevent their proliferation, and combat terrorism;
- Respond to the full spectrum of crises by deploying forces overseas and maintaining capabilities to mobilize forces stationed on U.S. soil;
- Prepare for an uncertain future by giving U.S. forces the military hardware that employs the best available technologies; and
- Ensure that the U.S. military remains the world's most prepared and capable force by sustaining force readiness levels and reengineering business practices to improve operations.

To achieve these objectives, DOD sustains the following capabilities.

Conventional Forces: Conventional forces include ground forces such as infantry and tank units; air forces such as tactical aircraft; naval forces such as aircraft carriers, destroyers, and attack submarines; and Marine Corps expeditionary forces. The Nation needs conventional forces to deter aggression and, when

that fails, to defeat it. Funds to support these forces cover pay and benefits for military personnel; the purchase, operation, and maintenance of conventional systems such as tanks, aircraft, and ships; the purchase of ammunition and spare parts; and training.

Mobility Forces: Mobility forces provide the airlift and sealift that transport military personnel and materiel throughout the world. They play a critical role in U.S. defense strategy and are a vital part of America's response to contingencies that range from humanitarian relief efforts to major theater wars. Airlift aircraft provide a flexible, rapid way to deploy forces and supplies quickly to distant regions, while sealift ships allow the deployment of large numbers of heavy forces together with their fuel and supplies. The mobility program also includes prepositioning equipment and supplies at sea or on land near the location of a potential crisis, allowing U.S. forces that must respond rapidly to crises overseas to quickly draw upon these prepositioned items.

Strategic Nuclear Forces: Strategic nuclear forces are also important to our military capability. They include land-based intercontinental ballistic missiles, submarine launched ballistic missiles, and long-range strategic bombers. Within treaty-imposed limits, the primary mission of strategic forces is to deter nuclear attack against the United States and its allies, and to convince potential adversaries that they will never gain a nuclear advantage against our Nation.

Supporting Activities: Supporting activities include research and development, communications, intelligence, training and medical services, central supply and maintenance, and other logistics activities. In particular, the Defense Health Program provides health care through DOD facilities as well as through the CHAMPUS medical insurance program and TRICARE—its companion program.

DOD Performance

DOD has identified broad objectives and key performance indicators and quantitative measures that will determine whether it is achieving its major goals.

Shaping the International Environment: DOD's first goal is to shape the international

environment by participating in international security organizations, such as NATO, and improving our ability to work cooperatively with our friends and allies. Such efforts are designed to promote regional stability and security, and reduce the threat of war. Their failure could lead to a major conflict affecting U.S. interests.

Evaluating DOD's performance in this area includes an assessment of:

- The ability of U.S. forces to enhance and sustain security relationships with friends and allies, enhance coalition warfighting, promote regional stability and support U.S. regional security objectives, deter aggression, and prevent or reduce the threat of conflict. For example, in 1999, the United States and Russia will conduct one Joint Theater Ballistic Missile Defense command post exercise.
- DOD's success in implementing threat reduction programs and arms control agreements, including inspection, verification, and monitoring programs.
- DOD's achievement of the force structure objectives of the Quadrennial Defense Review (QDR).

Responding to the Full Spectrum of Crises: DOD must be able to respond to the full spectrum of crises, from small-scale contingencies to two nearly simultaneous major theater wars.

In 1999, DOD and the relevant services will meet the following performance goals:

- The Air Force will maintain 20 Air Force Fighter wing equivalents, four air defense squadrons, 89 strategic bombers, and 550 intercontinental ballistic missiles.
- The Navy will maintain 11 aircraft wings and 314 battle force ships, including 12 aircraft carriers and 18 ballistic-missile submarines.
- The Army will maintain four active corps headquarters, 18 active and National Guard divisions, two active armored cavalry regiments, and 15 National Guard enhanced readiness brigades.
- The Marine Corps will maintain three active and one reserve divisions, three active

and one reserve wings, and three active and one reserve force service support groups.

Overseas presence, mobility, and the sustaining of a capable force structure are all key to DOD's ability to respond effectively to crises. DOD's effectiveness will be determined, in part, by the ability of U.S. forces "forward deployed" (that is, on site around the world) and those deploying from U.S. bases to rapidly converge at the scene of a potential conflict to deter hostilities and protect U.S. citizens and interests in times of crisis.

- In the Pacific, DOD will deploy one Army division, one Marine expeditionary force, two Air Force fighter wing equivalents, one Navy carrier battle group, and one amphibious ready group with an embarked Marine expeditionary unit.
- In Europe, DOD will maintain one Army armor division and one Army mechanized infantry division, two Air Force fighter wing equivalents, one carrier battle group, and one amphibious ready group with an embarked Marine expeditionary unit.
- In Southwest Asia, DOD will deploy at least one Air Force fighter wing equivalent, one carrier battle group, and one amphibious ready group with an embarked Marine expeditionary unit, in addition to materiel prepositioned in the region.

The amount of sealift and airlift capacity must be sufficient to meet deployment timelines for deterring and defeating large-scale, cross-border aggression in two distant theaters in overlapping time frames, and to sustain U.S. forces engaged in two major theater wars.

- In 1999, DOD will attain an organic strategic airlift capability of 26.5 million ton miles a day and will attain a surge sealift capacity of 7.8 million square feet.

Preparing Now for an Uncertain Future: U.S. forces must maintain a qualitative superiority over potential adversaries by pursuing a focused procurement and research and development program. Achieving this goal depends on ensuring that:

- DOD will acquire modern and capable weapon systems and will deliver them to U.S. forces in 25 percent less time, while ensuring that costs do not grow more than one percent a year by the year 2000 and meeting required performance specifications.

Remaining the World's Most Ready and Capable Force: Attaining this goal depends on four elements: ensuring the readiness of military units; retaining and recruiting high-quality personnel; strengthening and enhancing quality of life programs for military members and their families; and providing equal opportunity throughout the armed services.

DOD has identified specific milestones to measure progress in each area, such as the amount of training that individual units accomplish, the availability and operability of equipment, and the achievement of recruiting and retention goals.

- Several factors determine overall unit readiness, such as training, quality and availability of equipment, and number of personnel and, in 1999, DOD will ensure that all of its units meet their specified readiness goals.
- On average, the Army will attain 800 tank miles a year; the Air Force will achieve 20 flying hours per crew a month; the Marine Corps will fully execute its mission training syllabus; and the Navy will execute 50.5 deployed and 28 non-deployed ship steaming days per quarter.

In 1999, DOD also will:

- Recruit 191,300 new members of the armed services, obtain 60 percent of recruits from the top half of those tested for service, and achieve a 50 percent enlisted retention rate after the first term.
- Achieve all of its projected targets for its civilian work force reductions.

Exploiting the Revolution in Military Affairs: DOD will follow the strategy of Joint Vision 2010, developed by the Chairman of the Joint Chiefs of Staff, to transform U.S. forces for the future, and it will exploit emerging information technologies to reshape the way it fights and prepares for war.

Reengineering DOD's Infrastructure:

DOD must develop new, innovative approaches to manage and reduce infrastructure costs. Following the end of the Cold War, the United States began a major reduction of its military forces. DOD's cuts in infrastructure costs, however, have not kept pace. To make further cuts, DOD plans to adopt innovative management techniques and technological practices. In addition, DOD will submit legislation to Congress proposing two more rounds of base closures and realignments in 2001 and 2005.

DOD has identified specific goals around which to focus the reform of business affairs.

By 1999, DOD will:

- Produce a Facility Strategic Plan to guide the acquisition, operation, maintenance, repair, renovation, and replacement of its physical plant.

By 2000, DOD will:

- Ensure that U.S. forces can achieve visibility of 90 percent of DOD materiel assets, while resupplying military peacekeepers and warfighters and reducing the 1997 average order-to-receipt time by half.
- Dispose of \$2.2 billion in excess National Defense Stockpile inventories and \$3 billion in unneeded Government personal property, while reducing supply inventory by \$12 billion.
- Simplify purchasing and payment by using purchase card transactions for 90 percent of all DOD micropurchases, while re-engineering the requisitioning, funding, and ordering processes.
- Create a world-class learning organization by offering 40 or more hours a year of continuing education and training to DOD's acquisition-related work force.
- Complete the disposal of half of the surplus real property, while privatizing 30,000 housing units.
- Cut paper acquisition transactions by half from 1997 levels through electronic commerce and electronic data interchange.
- Eliminate layers of management by streamlining processes, while cutting

DOD's acquisition-related work force by 15 percent.

**Department of Energy (DOE)
Performance**

DOE contributes to our national security mainly by reducing the global danger from nuclear weapons and other weapons of mass destruction. DOE is committed to maintaining confidence in the nuclear weapons stockpile without testing, as required under the Comprehensive Test Ban Treaty; to strengthen the nuclear nonproliferation regime; to work with states of the former Soviet Union to improve control of nuclear materials; to develop improved technologies to detect, identify, and respond to the proliferation of weapons of mass destruction and illicit materials trafficking; and to aggressively clean up the environmental legacy of nuclear weapons programs.

The budget proposes \$12.1 billion to meet DOE's national security objectives, of which \$6.1 billion is for ongoing national security missions to support DOD and other agencies.

DOE will achieve the following performance goals:

- Maintain and refurbish specific warheads in 1999, and certify that standards for safety, reliability, and performance of the nuclear weapons stockpile are met.
- Develop advanced simulation, modeling, and experimentation technologies to replace underground testing by 2004, including installing a computer system capable of three trillion operations per second in 1999.
- Dismantle about 500 nuclear weapons.
- Jointly, with Russia, test and demonstrate technologies to dispose of surplus weapons plutonium and begin to develop a pilot scale plutonium conversion system in Russia, design a full-scale pit disassembly and conversion facility, and procure mixed-oxide irradiation services in the United States.
- Complete 85 percent of the development of the next generation nuclear reactor plant for the Navy's new attack submarine.

The remaining \$6 billion of DOE's national security funding addresses the environmental legacy of nuclear weapons activities.

DOE will meet the following performance goals:

- Reduce the number of geographical sites requiring high-risk environmental cleanup from 87 to 42 by the end of 1999.
- Close one high-level waste storage tank at the Savannah River site; and
- Stabilize and safely store or dispose of radioactive and hazardous wastes, including 37 tons of spent fuel, 134,000 cubic meters of low-level waste, about 150 canisters of high-level waste, 0.3 tons of plutonium at the Hanford site, and initial shipments of transuranic wastes at the Waste Isolation Pilot Plant, which will be opened for disposal in May 1998.

Other Defense-Related Activities

Other activities that support national defense and that are implementing performance measurement include programs involving the:

- Coast Guard, which supports the defense mission through overseas deployments for

engagements with friends and allies, port security teams, boarding and inspection teams for enforcing U.N. sanctions, training, aids to navigation, international icebraking, equipment maintenance, and support of the Coast Guard Reserve;

- Federal Bureau of Investigation, which conducts counterintelligence and surveillance activities;
- Maritime Administration, which helps maintain a fleet of active, military useful, privately owned U.S. vessels that would be available in times of national emergency;
- Arlington National Cemetery, which is developing an expansion plan for using contiguous land sites that will be vacated by the Army, Navy, and Marine Corps; and
- Selective Service System, which is modernizing its registration process to promote military recruiting among registrants. This spirit of volunteerism will be achieved in partnership with the America's Promise group, private corporations, and the armed services.

Accurately Recognizing and Reporting Veterans Benefits

The Nation has long viewed veterans programs as a key way to attract the high-quality people needed for our volunteer armed forces. Americans recognize veterans benefits as an appropriate part of the compensation provided for service in the military. Veterans programs are inextricably linked with national defense; without defense, veterans programs would not exist.

Because the Veterans Affairs Department funds and administers these benefits, however, the Federal Government has accounted for them differently than other defense-related budget costs. They appear in the budget's Veterans Benefits and Services function, not the National Defense function.¹ Also, the budget does not report the full size of these obligations. Rather than recognize the benefits and future Federal obligations that military members earn through their service, the budget reports only the amounts paid in a single year to veterans. Thus, neither the Defense Department (DOD) nor Congress gets a full picture of defense personnel costs when making decisions about the size and scope of our military, making it far harder to consider which package of benefits might best attract and retain quality military personnel. Finally, the 1993 Government Performance and Results Act encourages policy makers to align missions and related Government programs in the budget.

The Administration, which plans to work with Congress this year to address this problem, believes that any of the following four options would improve the current budgetary treatment of veterans programs, enabling the Government to more accurately measure the true cost of our national defense: (1) move the veterans-related discretionary accounts into the Defense function; (2) fund veterans entitlements on an accrual basis in DOD's budget and fund discretionary veterans programs in the Defense function; (3) fund veterans entitlements on an accrual basis in DOD's budget and display veterans spending in related functions (e.g., Education); or (4) fund veterans entitlements on an accrual basis in DOD's budget and continue to reflect veterans spending in its current function.

Table 12-2 below shows the estimated annual charges to DOD's military personnel account from pre-funding veterans benefits.

Table 12-2. ACCRUING VA BENEFITS FOR CURRENT MILITARY PERSONNEL

(Notional Costs of Accruing and Actuarially Funding VA Benefits in DOD Budget)

| Program | Percentage of DOD Basic Pay ² | 1999 DOD Notional Cost (in millions of dollars) |
|--|--|---|
| VA Compensation | 11.6% | 3,960 |
| Active Duty Education | 1.6% | 546 |
| VA Loans | 0.2% | 68 |
| Vocational Rehabilitation and Counseling | 0.9% | 307 |
| VA Pensions | 2.5% | 853 |
| VA Burial | 0.1% | 34 |
| Total VA Benefits | 16.9% | 5,768 |

¹ For a more detailed discussion of veterans programs, see Chapter 26, "Veterans Benefits and Services."

² Basic pay for military personnel does not include benefits, special and incentive pay or bonuses, or housing and subsistence allowances.